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The Netherlands

Wine

Wine Annual Report

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Report Highlights:
Consumption of wine continues to grow in the Netherlands reaching 17.1 liters per person in 1997. Dutch wine sales were up 6% in 1997 reaching $1.38 billion. Imported "new world wines" are becoming increasingly popular in the Netherlands. U.S. exports to the Netherlands jumped 140% in 1997, due to increasing demand for U.S. wines and the increasing importance of the Netherlands as a distribution point for Western Europe.

Includes PSD changes: No
Includes Trade Matrix: Yes
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Executive Summary

Consumption of wine continues to grow in the Netherlands with per capita consumption reaching 17.1 liters per capita as compared to 7.3 liters in the United States. Increasingly, the Dutch wine drinker is showing an interest in “new world wines” and the U.S. wine industry is taking advantage of it. Dutch consumption of U.S. wine got a boost in mid-1997 when the largest U.S. winery began to sell their wines in the Netherlands.

Dutch imports of U.S. wines reached 57,490 hectoliters in 1997, an increase of 140 percent compared to the preceeding year. If U.S. wines imported via Belgium, France and other European countries are included, actual U.S. wine imports are probably more on the order of 70,000 hectoliters. The increase is attributable to rising sales of U.S. wines in Dutch supermarkets and the growing importance of the Netherlands as a distribution point for western Europe for U.S. wines.

Dutch imports of U.S. wines are expected to continue to grow. After a few years of successive price increases, Dutch traders are pleased that U.S. wine prices are expected to remain at the current level in 1998/99. Dutch consumers, particularly young consumers, are becoming more interested in wine, including U.S. wine. In addition, the largest U.S. winery is expected to open its European distribution center in the Netherlands by mid-1999 which will give imports from the United States a further boost.

Production

Wine production is minimal in the Netherlands

Consumption

The Netherlands: Wine Consumption By Country

	1991	1992	1993	1994	1995	1996	1997
	Liters per capita						
France	66.8	64.5	63.5	62.5	63.5	61.0	n.a.
Italy	56.8	60.4	58.8	58.5	60.4	59.5	n.a.
Belgium	23.9	24.8	25.6	24.0	19.6	20.2	n.a.
Luxembourg	60.3	59.7	60.3	60.5	58.2	54.9	n.a.
Denmark	22.0	25.5	25.2	26.2	25.3	28.9	n.a.
Germany	24.7	24.5	22.6	22.6	22.4	23.0	n.a.
The Netherlands	15.3	15.9	15.2	15.7	16.1	17.1	17.5.
United Kingdom	11.6	11.7	12.2	12.7	12.9	12.7	n.a.
United States	7.0	4.7	6.6	6.7	6.7	7.3	n.a.

Source: Product Board for Wine

Wine consumption continues to increase in the Netherlands with consumers showing an increasing interest in wine from what the Dutch refer to as the "new wine countries": the United States, Australia, especially South Africa, and Chili. South African wines are very popular because many South African wines have Dutch names which remind the Dutch of their historic ties with that country.

Research by the Product Board for Wine reveals that on an average day in 1997, 45 percent of all Dutch people of 16 years and older drank an alcoholic beverage and 40 percent of all these drinks were wine. This compares to 42 percent in 1990.

Wine has an excellent image with the Dutch consumer. Almost 60 percent of the Dutch consumers buy wine to give away as a present, whereas 70 percent of Dutch consumers received wine as a gift in 1997. A moderate use of wine is considered to be good for your health.

Dutch women tend to drink more wine than men. On an average day, 19 percent of all women over 16 years of age drank wine, whereas only 12 percent of the men did. The average wine user has an above average income, is a woman, and is over 30 years of age.

Sales & Marketing

Wine sales in the Netherlands were up in 1997 and Dutch wine importers, wholesalers and retailers had a very good year. Average wine sales increased by 6 percent to DFL 2.7 billion ($ 1.38 billion).

Supermarkets account for 64 percent of all Dutch wine retail sales, an increase of two percentage points compared to 1996. The share of specialty wine stores is gradually decreasing falling to 25 percent in 1997 compared to 28 percent in 1996. The remainder is sold via wine-clubs, department stores and wholesalers.

Studies show that 75 percent of Dutch wine customers do not know which wine they are going to purchase when they enter a supermarket or specialty wine store. At most, the consumer has a preference for red or white wine. Point of sale (P.O.S.) materials for U.S. wines would be effective in tilting Dutch consumer purchase decisions toward U.S. wines. Simple and inexpensive, but informative, P.O.S. materials would be suitable for the Dutch market. The U.S. wine industry is encouraged to participate in U.S. wine promotions with the large supermarkets and/or wine and liquor store retail chains. Such activities in the past have proven successful in getting Dutch consumers to try U.S. wines and convince him or her of the good quality.

The Wine Institute is active in the Dutch market and maintains an office in the Netherlands. The Wine Institute promotes U.S. wines through tasting, wine trips to California, promotional materials, and other promotional activities.

The American Embassy's menu promotion project with hotels and restaurants continues to help gain exposure for U.S. wines in the Dutch market. For any "American Food Festival" supported by the Embassy, the restaurant is required to serve American wines and other genuine American foods and beverages.

Price Trends

The average retail price for a bottle of wine increased from Dfl 7.38 ($ 4.37) in 1996 to Dfl 7.63 ($ 3.90) in 1997. (Note: Average exchange rate in 1996 was US$ = 1.69 Dfl in 1996 and 1.95 Dfl in 1997.)

The Netherlands: Average Retail Wine Price

	1993	1994	1995	1996	1997
	Dfl. per Bottle				
Red Wine:					
French	7.93	7.07	8.28	8.24	8.09
Italian	8.51	6.28	6.66	7.13	7.85
Spanish	7.50	6.34	7.31	7.41	8.30
White Wine:					
French	7.85	8.01	7.89	8.25	8.31
Italian	6.48	5.89	6.11	6.03	6.12
Spanish	6.37	6.09	6.00	6.81	6.76
Average all wines	7.40	6.67	6.97	7.38	7.63
Exchange Rate US$ 1 = Dfl	1.86	1.82	1.61	1.69	1.95

Source: Product Board for Wine, The Hague, the Netherlands

International Trade

According to the official Central Bureau of Statistics (CBS), Dutch wine imports in 1997 totaled 3,268,030 hectoliters, an increase of 40 percent over the preceeding year. However, as intra-EU trade statistics can no longer be gathered through customs declarations, CBS depends on the more than 700 wine importers for data regarding intra-EU movement of goods. Companies with a trade volume of Dfl 400,000 ($215,000) or less (and there are many in the wine trade), are exempted from the trade reporting requirement. A less than desired response on the part of importers and exporters to the CBS request for trade information has resulted in incomplete and imprecise intra-EU trade statistics since 1993. The reporting system of trade with non-EU countries has not changed, therefore imports of U.S. wines are recorded accurately.

Wine Imports from the United States

Dutch imports of U.S. wines in 1997 amounted to 57,490 hectoliters, an increase of 140 percent from the 23,927 hectoliters in 1996. This substantial increase is due on the one hand to increased sales of American wines in Dutch supermarkets (as of mid 1997 the largest U.S. winery entered the Dutch market) on the other hand U.S. wineries use the Netherlands to an increasing extend as their distribution point for western Europe. As the latter function will be strenghtened in the near future, it can be expected that U.S. wine exports to the Netherlands will continue to increase significantly in the coming years.

Over 40 Dutch importers are handling U.S. wine and over 100 U.S. wineries are represented in the Dutch market. Given a boost by the exchange rate, the success of U.S. wines is partly attributable to the "value for your money" image of U.S. wine. Successful wine tastings have also enhanced the position of U.S. wines in the Dutch market.

Perhaps the two most important events accounting for the increase in U.S. wine exports to the Netherlands were a large-scale promotion in the fall of 1995 by a Dutch wine chain store with 360 outlets. The promotion exposed consumers to a wide variety of quality wines available from the United States and encouraged other wine shops to follow suit. The second event was the entrance into the market in mid 1997 of the largest U.S. winery. Their sales and marketing strategy have not only put their wines in a large number of supermarkets but other U.S. wineries followed their example.

The Netherlands: Wine Imports from the United States

	Imports from the U.S.		Exchange rate	Market	Number of
	Hectoliters	Dfl x 1,000	US$ 1 = Dfl	Share*	Wine Cases
1990	2,134	1,864	1.82	0.10	23,400
1991	2,879	2,129	1.87	0.13	29,300
1992	4,346	2,513	1.76	0.18	48,200
1993	9,028	5,519	1.86	0.43	100,300
1994	8,634	5,772	1.82	0.37	95,900
1995	12,917	8,888	1.61	0.60	143,500
1996	23,927	16,900	1.69	1.10	265,000
1997	57,490	42,684	1.95	1.76	640,000

* U.S. market share is calculated on the basis of volume, the U.S. market share by value amounted to three percent in 1997.
Source: CBS and AgAffairs Office estimates and calculations

The import statistics provided above are direct wine imports (mostly bottled) from the United States. However, Dutch companies import substantial quantities of U.S. bulk wine via other countries, especially through Belgium and France. Subsequently, these wines are bottled for re-export to the Netherlands and sold under private label. The wines usually retail at DFL 5.95 in supermarkets and DFL 6.95 in the wine and liquor stores (about $ 3.00 and $ 3.55 respectively). In Dutch import statistics these U.S. wines appear as originating from the country where they were bottled. Also, undetermined but relatively small quantities of California bottled wines are imported into the Netherlands via Germany and Belgium. As a consequence of these imports, it is estimated that the total U.S. wine imports in the Netherlands amount to 70,000 hectoliters (775,000 cases) representing a market share of 2.1 percent by volume.

Unfortunately there are no 1998 Dutch wine import statistics available yet. However, U.S. export statistics through the third quarter of 1998 reveal nearly a 50 percent increase in U.S. wine exports to the Netherlands.

Outlook for U.S. Wine Exports to the Netherlands in 1999.

American wines have gained momentum in the Dutch market and prospects for increased exports are good as demand for U.S. wines in the Netherlands and the rest of western Europe is expected to grow. Dutch importers believe that California has a good grape crop and that after a few years of price increases, 1999 prices will remain on the 1998 level.

Promotional Activities
The Dutch Market by Major Wine Supplying Countries

France: The promotional organization "Sopexa-Benelux", has offices in Belgium and the Netherlands. Although the French Government contributes to the budget of Sopexa, a major lion's share is provided by the French wine producing regions. Sopexa sells most of their promotional material rather than give it away. Private persons have to pay for all promotional materials from SOPEXA whereas wine companies only pay for the wine maps.

The French continue to use "one-on-one" events with large retail organizations to boost sales. However, details of these activities are not available.

Various French wine regions such as the Rhône and the Champagne areas are active in the Dutch market with their own promotional activities, and judging from the number of promotions, their budgets are sizable. In 1997 the Rhône area started a successful campaign to promote Rhône wines to go with Indonesian food. The Indonesian kitchen is very popular in the Netherlands. The Foundation des crus du Rousillon promotes wine from the Rousillon region.

Germany: The wine industry has a very active P.R. agency in the Netherlands, apparently with a generous budget. The industry has developed attractive promotional materials designed for international use. Every year, the industry organizes a large tasting event, accompanied by a culinary food festival, and a German Wine Fair in various cities. The German wine representative organizes tasting, wine trips to Germany, and typically has a booth at major trade fairs.
Luxembourg: no visible activities in the Netherlands.

Italy: Wine is promoted by ICE (a trade promotion agency financed by the Italian Government) and the Italian Embassy. However, very few activities are organized, reportedly because only a limited budget is available. Promotional materials such as posters and brochures are out-dated. However, various Italian regions have branched out on their own actively promoting wines from their own regions.

Austria: The Austrian Embassy is actively promoting Austrian wines. Exceptionally high quality posters and pamphlets are available from the Embassy. Tastings, including master-classes, are done regularly.

Spain: Wine promotions are organized through the Spanish Embassy and two promotional institutes: the Sherry Institute of Spain and Vinos de Espana. Funding is equally shared between the Spanish Government and these two institutes. Primary activities include trade fairs, tasting, and trips to Spain organized specifically for the press. The Rioja and other wine regions have their own budgets for tasting, as well as wine trips to their regions for members of the press. They receive logistical assistance from the two major institutes mentioned above.

In 1997 Spain started to budget and promote the Spanish wines by region. However, the Spaniards made a beautiful pamphlet (almost a book) on the entire wine industry in Spain. In 1998 Spain started a high-budget sherry promotion in the Netherlands.

Portugal: The Portuguese Embassy sponsors a very active promotion program. Portugal has several tastings per year and organizes Portuguese weeks. There was additional funding set aside in 1997 for the promotion of port wines. Trips (free) for the Dutch press were organized in 1997. In September of 1998 Portugal participated in the professional Dutch Wine and Liquor Fair in Utrecht. Free tasting of Portugese wines attracted lots of professional attention.

Australia: Until recently, wines were promoted through the Australian Embassy in the Netherlands. However, promotional activities in the Netherlands are now extremely limited and are conducted via the Australian Embassy in London.

South Africa: So far, activities have been limited. Wine promotion is usually a joint effort between the South African Embassy and Dutch wine importers.

Chile: "Pro Chile", a Chilean trade promotion agency, promotes Chilean wines in the Netherlands. Promotional activities can generally be described as "low key". Beautiful promotional materials are available but only in limited quantities. Rather costly wine study trips to Chile are being organized in 1999.

Bulgaria: Wines are promoted through the Dutch importer.

Romania: Wines are promoted through the Dutch importer.

Hungary: Both the Hungarian Embassy and the Tourist Board are actively promoting Hungarian wines.

Trade Matrices

Import Trade Matrix				
Country:			Units:	Hectoliters
Commodity:				
Time period:	Jan-Dec			
Imports for	**1996**			**1997**
U.S.	23,927		U.S.	57,490
Others			Others	
EU	1,958,565		EU	2,911,770
>France	936,221		>France	1,448,510
>Spain	336,573		>Spain	572,480
>Italy	185,125		>Italy	338,900
South Africa	83,135		South Africa	98,090
Bulgaria	66,961		Bulgaria	83,890
Chile	39,604		Chile	57,720
Australia	20,448		Australia	24,450
Total for Others	2,168,713		Total for Others	3,175,920
Others not listed	41,003		Others not listed	34,620
Grand Total	2,233,643		Grand Total	3,268,030

Export Trade Matrix				
Country:			Units:	Hectoliters
Commodity:				
Time period:	Jan-Dec			
Exports for	**1996**			**1997**
U.S.	N.A.		U.S.	540
Others	N.A.		Others	
			Bel./Lux.	49,577
			Germany	29,817
			U.K.	17,851
			Poland	29,962
			Japan	30,149
Total for Others	N.A.			157,356
Others not listed				7,184
Grand Total	131,077			164,540

Source:C.B.S. - Product Board for Wine